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UNCLAS SECTION 01 OF 02 BASRAH 000150

SIPDIS

SENSITIVE

E.O. 12958: N/A

TAGS: [KDEM](#) [EAID](#) [PGOV](#) [PINS](#) [ECON](#) [IZ](#) [ECON](#)

SUBJECT: ENCOURAGING ECONOMIC DEVELOPMENT AND STABILITY IN DHI QAR ON THE EVE OF THE ELECTIONS

1. (U) SUMMARY: On December 12, Ambassador Khalilzad announced to the Dhi Qar Governor and Provincial Council (PC) the approval of \$7.0 million in assistance for critical reconstruction projects in the water and electric power sectors and the building of several new roads. The projects will help create jobs and stabilize the environment in the province. In his meetings with local officials and his visits to project sites managed by the Army Corps of Engineers (USACE), the Ambassador emphasized the importance of economic development, the need for local government to use the powers granted under the new constitution, and the significance of working with the Coalition to build government capacity in the province and throughout Iraq. END SUMMARY.

Visits to Project Sites

12. (U) On December 12, the Ambassador visited the Nasiriyah Prison project site and the Al Zahra School. Two hundred construction workers are building the prison with a 1200 prisoner capacity. The Al Zahra school has six classrooms for elementary students. The Ambassador, REO Staff, and members of the press also flew over two USACE projects: the Nasiriyah Maternity and Children's hospital site and the Nasiriyah water treatment facility. Between 250-300 workers are building the hospital, and another 600-800 are constructing the water treatment plant.

Meeting With Dhi Qar Governor

13. (SBU) During his meeting with Dhi Qar Governor Azziz Kadhaum Alawan, the Ambassador announced approving the \$7.0 million allotment of \$7.0 million for projects designated as priorities by the Dhi Qar Provincial Reconstruction and Development Council (PRDC). The Ambassador said these projects will expand the infrastructure and improve the quality of life in Nasiriyah through the creation of critically needed jobs.

14. (U) The Ambassador underscored both the critical importance of the December 15 national elections for the stability of Iraq and the need to encourage all groups to participate in them. When asked by the Ambassador about clashes that had taken place between SCIRI and Jaysh Al-Madhi militants in Nasiriyah, the Governor replied that all the political parties and factions in the region are working together to ensure a secure environment for the upcoming elections.

15. (SBU) The Ambassador noted that Dhi Qar has resources such as oil that have not yet been exploited and an agricultural potential that can sustain economic growth and create jobs. Iraq is going through a major transition, he said, but the new constitution gives much authority to the provinces, which should help them to pursue economic development. The Ambassador informed the governor that the U.S. Embassy will be standing up Provincial Reconstruction Teams to help the provincial authorities establish budgets and economic development plans to address the needs of the people. The Governor welcomed this initiative and said that he would fully support it.

16. (SBU) In his interview with the Italian national TV station, the Ambassador said that although the United States is committed to helping rebuild Iraq, ultimately it is the responsibility of the Iraqi people to rebuild Iraq. The Ambassador called upon the media to provide a balanced coverage of events that highlight the success of Iraq's political process.

Dhi Qar PRDC Projects

17. (SBU) In his meeting with Provincial Council (PC) chairman Ihassan Talib, PC Reconstruction Committee chairman Thajeel Kareem Aboud, and PC Security Committee chairman Thajeel Kareem Aboud, the Ambassador again mentioned the reconstruction projects for Dhi Qar province. The Ambassador remarked that this funding for roads and water treatment will encourage economic development and political stability in the province. Members of the PC raised several proposals including additional bridges, water treatment and development projects to be funded in the future. Ambassador instructed PC members to send their requests to the Basrah REO, who in turn would take appropriate action. The PC chairman thanked the Ambassador and expressed the PC's desire to work closely with the USG on future development

initiatives in Dhi Qar.

Comment

18. (U) COMMENT: This timely first visit to Dhi Qar by the Ambassador to reinforce the USG's commitment to economic development in the South may encourage more Iraqis to become stakeholders in their own development and democratic processes. In his discussions with the Governor and the Provincial Council members, the Ambassador reaffirmed USG willingness to support development in the province, noting however that primary responsibility for rebuilding Dhi Qar and using the province's extensive natural resources for the benefit of the people squarely falls on the shoulders of the local officials. END COMMENT.
GROSS